

**Remarks**

By the foregoing amendment, claim 1 has been amended and claim 5 has been cancelled.

**Claim Rejections**

Claims 1-14 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Mottola et al. (U.S. Patent No. 5,809,484). Claim 1 is the independent claim.

**Claim 1**

Applicant respectfully submits that it would not have been obvious to one skilled in the art to modify Mottola et al. to obtain the invention described in claim 1 as amended because Mottola et al. does not teach or suggest all of the elements of claim 1 as amended and, therefore, Mottola et al. does not render claim 1 obvious under 35 U.S.C. 103(a).

Claim 1 has been amended to require that the system of the present invention further comprise means for adjusting the capital sum and/or compensation to be repaid over the term according to any known economic prediction model or forecast which is made when actual payments have been received. The present invention has the advantage that the income percentage to be paid can be adjusted or reset after the borrower has begun to make repayments if, for example, the inflation rate or interest rate or some other variable deviates from what was predicted. This ability to adjust the percentage of income repaid prevents the payments from becoming too onerous for the borrower while at the same time providing a reasonable return to the lender. Applicant submits that Mottola et al. does not teach or suggest means for adjusting the capital sum and/or compensation to be repaid over the term according to any known economic prediction model or forecast which is made when actual payments have been received. Although Mottola et al. contemplates the possibility of placing an upper limit on

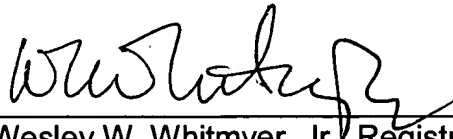
repayment of 2.5 times the original funding, which provides some protection against repaying an excessive amount of money for students with high earnings, Mottola et al. fails to protect investors from the effects of larger than expected inflation rate. Applicant submits that one skilled in the art would not have been motivated to modify Mottola et al. to obtain the invention embodied in claim 1 of the present invention. Mottola et al. teaches away from the present invention because Mottola et al. teaches the payment of a **fixed** predetermined portion of earnings to investors and contains no suggestion or motivation that the percentage of income to be repaid should be adjusted after payments had been received. Applicant submits that the system of the present invention is fundamentally different from Mottola et al. because Mottola et al. does not disclose, teach or suggest any way of monitoring or taking into account the actual inflation rates and interest rates at the time the student is making repayments. Applicant respectfully submits that it would not have been obvious to one skilled in the art to modify Mottola et al. to obtain the invention embodied in claim 1 and that, therefore, Mottola et al. does not render claim 1 obvious under 35 U.S.C. 103(a).

Claims 2-4 and 6-14

Applicant respectfully submits that, since Mottola et al. does not suggest, teach, disclose or render obvious the invention embodied in claim 1, claims 2-4 and 6-14, which depend on claim 1, are not suggested, taught, disclosed or rendered obvious by Mottola et al.

It is respectfully submitted that claims 1-4 and 6-14, all of the claims in the application, are in order for allowance and early notice to that effect is respectfully requested.

Respectfully submitted,



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